



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Bukit Sembawang Estates Limited

Stock code: B61

Meeting details:

Date: 24 July 2020

Time: 10.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As noted in the chairman's statement, the group sold out two landed residential projects in the Luxus Hills estate within weeks of the launch. For the group's 99-year leasehold landed homes at Nim Collection, the market's response was also very positive, with all 47 houses in Phase 1 and 48 out of 51 houses in Phase 2 sold as at 18 June 2020 (page 3 of the annual report).

- (i) **Can management help shareholders understand the development roadmap for the remaining phases of the Seletar Hills landbank?** On page 106, it can be seen that the group has a landbank of 117,179 sqm in the Luxus Hills area.
- (ii) **What are the main considerations affecting the pace of the group's developments and launches?**
- (iii) **Can the company also provide more clarity on the status of the land bank marked for future phases (48,857 sqm and 19,094 sqm in the Nim Road area)?** These are recognised as vacant non-residential rural land for future residential development (page 107).

Q2. In the group's luxury residences (apartments) segment, the group has sold a total of 160 freehold apartments or 64% of 250 units at 8 St Thomas as at June 2020. As noted in the annual report, the main building work was completed in January 2018 and the Temporary Occupation Permit ("TOP") was issued in January 2018.

In the last annual report, the group sold 35% of 8 St Thomas (as at 11 June 2019). Based on estimates, the group sold approximately 72 units of the luxury residences in the last 12 months and there are still 90 units left unsold in the development.

- (i) **What is the group's holding cost for 8 St Thomas?**
- (ii) **Has management evaluated the return on investment (ROI) of the group's highrise development projects, including 8 St Thomas?**
- (iii) **What is management's strategy to monetise the remaining units so as to de-risk the group and to realise the development margin?**
- (iv) **How does management ensure that the new projects (The Atelier and LIV @ MB) can be launched successfully and to achieve good sales given the current pandemic?**

In addition, the group developed Paterson Collection and converted it to serviced residences only after completion in FY2018. Now known as Fraser Residence Orchard, Singapore, the serviced residences achieved an occupancy rate of approximately 45% (page 3). Due to lower than expected performance of the serviced residences, the group recognised an impairment of \$9.7 million in FY2019 and \$44.1 million in FY2020. The recoverable amount as at 31 March 2020 was \$205.1 million, estimated using the fair value less costs to sell approach based on the discounted cash flow method as adopted by an external independent professional valuer (page 82).

- (v) **Can the company help shareholders understand how Frasers Hospitality Group was selected to manage the serviced residences?**
- (vi) **Given the pandemic, has the group made adjustments to its long-term strategy to own serviced residences for recurring income?**
- (vii) **Comparing the successes of the group's landed developments to the mixed outcomes of the group's highrise projects, would the board be evaluating how it would better leverage its strength in landed development and possibly reduce its exposure to highrise projects?**

Q3. Mr Ng Chee Seng retired as the chief executive officer and executive director of the group on 31 August 2019. Mr Ng had held the CEO position from April 2007 and his cessation as CEO was announced one day before his last day of service, i.e. 30 August 2019. In the same announcement, it was stated that the company is carrying out a search for the new CEO.

Mr Ooi Chee Eng, the chief financial officer, was appointed as Acting CEO with effect from 1 September 2019.

- (i) **Can the board, especially the nominating committee, help shareholders understand if the retirement of Mr Ng Chee Seng was part of the group's succession planning and if so, did the board consider it appropriate to announce the retirement of the CEO once the decision was made by Mr Ng?**
Under Listing Rule 704(7), an issuer must immediately announce the appointment or cessation of service of Key Persons including director, chief executive officer, chief financial officer, chief operating officer, general manager.
- (ii) **What is the progress made in the search for a new CEO?**
- (iii) In addition, on page 26 (reproduced below), several appointments and cessation to key executives were disclosed, including changes to appointments of General Manager (Marketing), Head of Projects, Head (Property and Maintenance Management) and Head of Property management.

Total Remuneration Bands	Total (%)	Salary ¹ (%)	Bonus ¹ (%)	Other Benefits (%)
\$250,000 to \$500,000				
Mr Ooi Chee Eng ² Acting CEO, Chief Financial Officer and Company Secretary	100	54	46	0
Ms Ho Jenny ³ General Manager (Marketing)	100	58	42	0
Ms Katharine Kum Lal Haong ⁴ General Manager, Head of Projects	100	98	0	2
Mr Justin Ho Ngiam Chan ⁵ Head (Property and Maintenance Management)	100	41	10	49
Below \$250,000				
Mr Michael Chan Lim Huat ⁶ Head of Property Management	100	99	0	1

¹ Includes employer's CPF contribution.

² Appointed Acting CEO in September 2019.

³ Promoted to General Manager, Marketing in July 2019.

⁴ Resigned in March 2020.

⁵ Resigned in March 2020, other benefits include payment for long service.

⁶ Joined in March 2020.

(Source: company annual report; emphasis added)

Would the board be reviewing if the company has made the necessary announcements to update the market as part of its continuous disclosure requirements?

- (iv) **With changes to the board and to the senior management team, does the group have the necessary human capital and the stability to execute on the group's strategy to ensure the long-term success of the group?**

[^] Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

Join our mailing list [here](#) to receive latest news and upcoming events.

[^] Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

CONNECT WITH US

